(1) Form 200 must be filed with the PBGC no later than 10 days after the due date for any required payment for which payment was not made when due.

(2) If a contributing sponsor or the ultimate parent completes and submits Form 200 in accordance with this section, the PBGC will consider the notification requirement in section 302(f)(4) of ERISA and section 412(n)(4) of the Code to be satisfied by all members of a controlled group of which the person who has filed Form 200 is a member.

(b) *Supplementary information.* If, upon review of a Form 200, the PBGC concludes that it needs additional information in order to make decisions regarding enforcement of a lien imposed by section 302(f) of ERISA and section 412(n) of the Code, the PBGC may require any member of the contributing sponsor's controlled group to supplement the Form 200 in accordance with § 4043.3(d).

PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS

Subpart A—Allocation of Assets

GENERAL PROVISIONS

Subpart B—Valuation of Benefits and Assets

GENERAL PROVISIONS

AUTHORITY: 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

NOTE: Certain provisions of part 4044 have been superseded by legislative changes. For example, there are references to provisions formerly codified in 29 CFR part 2617, subpart C (and to the Notice of Sufficiency provided for thereunder) that no longer exist because of changes in the PBGC's plan termination regulations in response to the Single-Employer Pension Plan Amendments Act of 1986 and the Pension Protection Act of 1987. The PBGC intends to amend part 4044 at a later date to conform it to current statutory provisions.

SOURCE: 61 FR 34059, July 1, 1996, unless otherwise noted.

Subpart A—Allocation of Assets

GENERAL PROVISIONS

§ 4044.1   Purpose and scope.

This part implements section 4044 of ERISA, which contains rules for allocating a plan's assets when the plan terminates. These rules have been in effect since September 2, 1974, the date of enactment of ERISA. This part applies to any single-employer plan covered by title IV of ERISA that submits a notice of intent to terminate, or for which PBGC commences an action to terminate the plan under section 4042 of ERISA.

(a) *Subpart A.* Sections 4044.1 through 4044.4 set forth general rules for applying §§ 4044.10 through 4044.17. Sections 4044.10 through 4044.17 interpret the rules and describe procedures for allocating plan assets to priority categories 1 through 6.

(b) *Subpart B.* The purpose of subpart B is to establish the method of determining the value of benefits and assets under terminating single-employer pension plans covered by title IV of ERISA. This valuation is needed for both plans trusteed under title IV and plans which are not trusteed. For the former, the valuation is needed to allocate plan assets in accordance with subpart A of this part and to determine the amount of any plan asset insufficiency. For the latter, the valuation is needed to allocate assets in accordance with subpart A and to distribute the assets in accordance with subpart B of part 4041 of this chapter.

(1) Section 4044.41 sets forth the general provisions of subpart B and applies to all terminating single-employer plans. Sections 4044.51 through 4044.57 prescribe the benefit valuation rules for plans that receive or that expect to receive a Notice of Inability to Determine Sufficiency from PBGC and are placed into trusteeship by PBGC, including (in §§ 4044.55 through 4044.57) the rules and procedures a plan administrator shall follow to determine the expected retirement age (XRA) for a plan participant entitled to early retirement benefits for whom the annuity starting date is not known as of the valuation date. This applies to all trusteed plans which have such early retirement benefits. The plan administrator shall determine an XRA under § 4044.55, § 4044.56 or § 4044.57, as appropriate, for each active participant or participant with a deferred vested benefit who is entitled to an early retirement benefit and who as of the valuation date has not selected an annuity starting date. (See Note at beginning of part 4044.)

(2) Sections 4044.71 through 4044.75 prescribe the benefit valuation rules for calculating the value of a benefit to be paid a participant or beneficiary under a terminating pension plan that is distributing assets where the plan has received a Notice of Sufficiency issued by PBGC pursuant to part 2617 of this chapter and has not been placed into trusteeship by PBGC. (See Note at beginning of part 4044.)

§ 4044.2 Definitions.

(a) The following terms are defined in § 4001.2 of this chapter: annuity, basic-type benefit, Code, distribution date, earliest retirement age at valuation date, ERISA, expected retirement age (XRA), fair market value, guaranteed benefit, insurer, IRS, irrevocable commitment, mandatory employee contributions, nonbasic-type benefit, nonforfeitable benefit, normal retirement age, notice of intent to terminate, PBGC, person, plan, plan administrator, single-employer plan, substantial owner, termination date, unreduced retirement age (URA), and voluntary employee contributions.

(b) For purposes of this part:

Deferred annuity means an annuity under which the specified date or age at which payments are to begin occurs after the valuation date.

Early retirement benefit means an annuity benefit payable under the terms of the plan, under which the participant is entitled to begin receiving payments before his or her normal retirement age and which is not payable on account of the disability of the participant. It may be reduced according to the terms of the plan.

Non-trusteed plan means a single-employer plan which receives a Notice of Sufficiency from PBGC and is able to close out by purchasing annuities in the private sector in accordance with part 2617 of this chapter. (See Note at beginning of part 4044.)

Notice of Sufficiency means a notice issued by the PBGC that it has determined that plan assets are sufficient to discharge when due all obligations of the plan with respect to benefits in priority categories 1 through 4 after plan assets have been allocated to benefits in accordance with section 4044 of ERISA and this subpart. (See Note at beginning of part 4044.)

Priority category means one of the categories contained in sections 4044 (a)(1) through (a)(6) of ERISA that establish the order in which plan assets are to be allocated.

Trusteed plan means a single-employer plan which has been placed into trusteeship by PBGC.

Valuation date means (1) for nontrusteed plans, the date of distribution and (2) for trusteed plans, the date of termination.

(c) For purposes of subpart B of this part (unless otherwise required by the context):

Age means the participant's age at his or her nearest birthday and is determined by rounding the individual's exact age to the nearest whole year. Half years are rounded to the next highest year. This is also known as the ''insurance age.''

(d) For purposes of §§ 4044.55 through 4044.57:

Monthly benefit means the guaranteed benefit payable by PBGC.

(e) For purposes of §§ 4044.71 through 4044.75:

Lump sum payable in lieu of an annuity means a benefit that is payable in a single installment and is derived from an annuity payable under the plan.

Other lump sum benefit means a benefit in priority category 5 or 6, determined under subpart A of this part, that is payable in a single installment (or substantially so) under the terms of the plan, and that is not derived from an annuity payable under the plan. The benefit may be a severance pay benefit, a death benefit or other single installment benefit.

Qualifying bid means a bid obtained from an insurer in accordance with § 2617.14(b) of this chapter. (See Note at beginning of part 4044.)

[61 FR 34059, July 1, 1996, as amended at 67 FR 16959, Apr. 8, 2002; 74 FR 11035, Mar. 16, 2009]

§ 4044.3 General rule.

(a) *Asset allocation.* Upon the termination of a single-employer plan, the plan administrator shall allocate the plan assets available to pay for benefits under the plan in the manner prescribed by this subpart. Plan assets available to pay for benefits include all plan assets (valued according to § 4044.41(b)) remaining after the subtraction of all liabilities, other than liabilities for future benefit payments, paid or payable from plan assets under the provisions of the plan. Liabilities

include expenses, fees and other administrative costs, and benefit payments due before the allocation date. Except as provided in § 4044.4(b), an irrevocable commitment by an insurer to pay a benefit, which commitment is in effect on the date of the asset allocation, is not considered a plan asset, and a benefit payable under such a commitment is excluded from the allocation process.

(b) *Allocation date.* For plans that close out pursuant to a Notice of Sufficiency under the provisions of subpart C of part 2617 of this chapter, assets shall be allocated as of the date plan assets are to be distributed. For other plans, assets shall be allocated as of the termination date. (See Note at beginning of part 4044.)

§ 4044.4 Violations.

(a) *General.* A plan administrator violates ERISA if plan assets are allocated or distributed upon plan termination in a manner other than that prescribed in section 4044 of ERISA and this subpart, except as may be required to prevent disqualification of the plan under the Code and regulations thereunder.

(b) *Distributions in anticipation of termination.* A distribution, transfer, or allocation of assets to a participant or to an insurance company for the benefit of a participant, made in anticipation of plan termination, is considered to be an allocation of plan assets upon termination, and is covered by paragraph (a) of this section. In determining whether a distribution, transfer, or allocation of assets has been made in anticipation of plan termination PBGC will consider all of the facts and circumstances including—

(1) Any change in funding or operation procedures;

(2) Past practice with regard to employee requests for forms of distribution;

(3) Whether the distribution is consistent with plan provisions; and

(4) Whether an annuity contract that provides for a cutback based on the guarantee limits in subpart B of part 4022 of this chapter could have been purchased from an insurance company.

ALLOCATION OF ASSETS TO BENEFIT
CATEGORIES

§ 4044.10 Manner of allocation.

(a) *General.* The plan administrator shall allocate plan assets available to pay for benefits under the plan using the rules and procedures set forth in paragraphs (b) through (f) of this section, or any other procedure that results in each participant (or beneficiary) receiving the same benefits he or she would receive if the procedures in paragraphs (b) through (f) were followed.

(b) *Assigning benefits.* The basic-type and nonbasic-type benefits payable with respect to each participant in a terminated plan shall be assigned to one or more priority categories in accordance with §§ 4044.11 through 4044.16. Benefits derived from voluntary employee contributions, which are assigned only to priority category 1, are treated, under section 204(c)(4) of ERISA and section 411(d)(5) of the Code, as benefits under a separate plan. The amount of a benefit payable with respect to each participant shall be determined as of the termination date.

(c) *Valuing benefits.* The value of a participant's benefit or benefits assigned to each priority category shall be determined, as of the allocation date, in accordance with the provisions of subpart B of this part. The value of each participant's basic-type benefit or benefits in a priority category shall be reduced by the value of the participant's benefit of the same type that is assigned to a higher priority category. Except as provided in the next two sentences, the same procedure shall be followed for nonbasic-type benefits. The value of a participant's nonbasic-type benefits in priority categories 3, 5, and 6 shall not be reduced by the value of the participant's nonbasic-type benefit assigned to priority category 2. Benefits in priority category 1 shall neither be included in nor subtracted from lower priority categories. In no event shall a benefit assigned to a priority category be valued at less than zero.

(d) *Allocating assets to priority categories.* Plan assets available to pay for benefits under the plan shall be allocated to each priority category in succession, beginning with priority cat-

egory 1. If the plan has sufficient assets to pay for all benefits in a priority category, the remaining assets shall then be allocated to the next lower priority category. This process shall be repeated until all benefits in priority categories 1 through 6 have been provided or until all available plan assets have been allocated.

(e) *Allocating assets within priority categories.* Except for priority category 5, if the plan assets available for allocation to any priority category are insufficient to pay for all benefits in that priority category, those assets shall be distributed among the participants according to the ratio that the value of each participant's benefit or benefits in that priority category bears to the total value of all benefits in that priority category. If the plan assets available for allocation to priority category 5 are insufficient to pay for all benefits in that category, the assets shall be allocated, first, to the value of each participant's nonforfeitable benefits that would be assigned to priority category 5 under § 4044.15 after reduction for the value of benefits assigned to higher priority categories, based only on the provisions of the plan in effect at the beginning of the 5-year period immediately preceding the termination date. If assets available for allocation to priority category 5 are sufficient to fully satisfy the value of those benefits, assets shall then be allocated to the value of the benefit increase under the oldest amendment during the 5-year period immediately preceding the termination date, reduced by the value of benefits assigned to higher priority categories (including higher subcategories in priority category 5). This allocation procedure shall be repeated for each succeeding plan amendment within the 5-year period until all plan assets available for allocation have been exhausted. If an amendment decreased benefits, amounts previously allocated with respect to each participant in excess of the value of the reduced benefit shall be reduced accordingly. In the subcategory in which assets are exhausted, the assets shall be distributed among the participants according to the ratio that the value of each participant's benefit or benefits in that subcategory bears to the total

value of all benefits in that sub-category.

(f) *Applying assets to basic-type or nonbasic-type benefits within priority categories.* The assets allocated to a participant's benefit or benefits within each priority category shall first be applied to pay for the participant's basic-type benefit or benefits assigned to that priority category. Any assets allocated on behalf of that participant remaining after satisfying the participant's basic-type benefit or benefits in that priority category shall then be applied to pay for the participant's nonbasic-type benefit or benefits assigned to that priority category. If the assets allocable to a participant's basic-type benefit or benefits in all priority categories are insufficient to pay for all of the participant's guaranteed benefits, the assets allocated to that participant's benefit in priority category 4 shall be applied, first, to the guaranteed portion of the participant's benefit in priority category 4. The remaining assets allocated to that participant's benefit in priority category 4, if any, shall be applied to the non-guaranteed portion of the participant's benefit.

(g) *Allocation to established subclasses.* Notwithstanding paragraphs (e) and (f) of this section, the assets of a plan that has established subclasses within any priority category may be allocated to the plan's subclasses in accordance with the rules set forth in § 4044.17.

§ 4044.11 Priority category 1 benefits.

(a) *Definition.* The benefits in priority category 1 are participants' accrued benefits derived from voluntary employee contributions.

(b) *Assigning benefits.* Absent an election described in the next sentence, the benefit assigned to priority category 1 with respect to each participant is the balance of the separate account maintained for the participant's voluntary contributions. If a participant has elected to receive an annuity in lieu of his or her account balance, the benefit assigned to priority category 1 with respect to that participant is the present value of that annuity.

§ 4044.12 Priority category 2 benefits.

(a) *Definition.* The benefits in priority category 2 are participants' accrued benefits derived from mandatory employee contributions, whether to be paid as an annuity benefit with a pre-retirement death benefit that returns mandatory employee contributions or, if a participant so elects under the terms of the plan and subpart A of part 4022 of this chapter, as a lump sum benefit. Benefits are primarily basic-type benefits although nonbasic-type benefits may also be included as follows:

(1) *Basic-type benefits.* The basic-type benefit in priority category 2 with respect to each participant is the sum of the values of the annuity benefit and the pre-retirement death benefit determined under the provisions of paragraph (c)(1) of this section.

(2) *Nonbasic-type benefits.* If a participant elects to receive a lump sum benefit and if the value of the lump sum benefit exceeds the value of the basic-type benefit in priority category 2 determined with respect to the participant, the excess is a nonbasic-type benefit. There is no nonbasic-type benefit in priority category 2 for a participant who does not elect to receive a lump sum benefit.

(b) *Conversion of mandatory employee contributions to an annuity benefit.* Subject to the limitation set forth in paragraph (b)(3) of this section, a participant's accumulated mandatory employee contributions shall be converted to an annuity form of benefit payable at the normal retirement age or, if the plan provides for early retirement, at the expected retirement age. The conversion shall be made using the interest rates and factors specified in paragraph (b)(2) of this section. The form of the annuity benefit (e.g., straight life annuity, joint and survivor annuity, cash refund annuity, etc.) is the form that the participant or beneficiary is entitled to on the termination date. If the participant does not have a non-forfeitable right to a benefit, other than the return of his or her mandatory contributions in a lump sum, the annuity form of benefit is the form the participant would be entitled to if the participant had a nonforfeitable right to an annuity benefit under the plan on the termination date.

(1) *Accumulated mandatory employee contributions.* Subject to any addition for the cost of ancillary benefits plus interest, as provided in the following sentence, the amount of the accumulated mandatory employee contributions for each participant is the participant's total nonforfeitable mandatory employee contributions remaining in the plan on the termination date plus interest, if any, under the plan provisions. Mandatory employee contributions, if any, used after the effective date of the minimum vesting standards in section 203 of ERISA and section 411 of the Code for costs or to provide ancillary benefits such as life insurance or health insurance, plus interest under the plan provisions, shall be added to the contributions that remain in the plan to determine the accumulated mandatory employee contributions.

(2) *Interest rates and conversion factors.* The interest rates and conversion factors used in the administration of the plan shall be used to convert a participant's accumulated mandatory contributions to the annuity form of benefit. In the absence of plan rules and factors, the interest rates and conversion factors established by the IRS for allocation of accrued benefits between employer and employee contributions under the provisions of section 204(c) of ERISA and section 411(c) of the Code shall be used.

(3) *Minimum accrued benefit.* The annuity benefit derived from mandatory employee contributions may not be less than the minimum accrued benefit under the provisions of section 204(c) of ERISA and section 411(c) of the Code.

(c) *Assigning benefits.* If a participant or beneficiary elects to receive a lump sum benefit, his or her benefit shall be determined under paragraph (c)(2) of this section. Otherwise, the benefits with respect to a participant shall be determined under paragraph (c)(1) of this section.

(1) *Annuity benefit and pre-retirement death benefit.* The annuity benefit and the pre-retirement death benefit assigned to priority category 2 with respect to a participant are determined as follows:

(i) The annuity benefit is the benefit computed under paragraph (b) of this section.

(ii) Except for adjustments necessary to meet the minimum lump sum requirements as hereafter provided, the pre-retirement death benefit is the benefit under the plan that returns all or a portion of the participant's mandatory employee contributions upon the death of the participant before retirement. A benefit that became payable in a single installment (or substantially so) because the participant died before the termination date is a liability of the plan within the meaning of § 4044.3(a) and should not be assigned to priority category 2. A benefit payable upon a participant's death that is included in the annuity form of the benefit derived from mandatory employee contributions (e.g., the survivor's portion of a joint and survivor annuity or the cash refund portion of a cash refund annuity) is assigned to priority category 2 as part of the annuity benefit under paragraph (c)(1)(i) of this section and is not assigned as a death benefit. The pre-retirement death benefit may not be less than the minimum lump sum required upon withdrawal of mandatory employee contributions by the IRS under section 204(c) of ERISA and section 411(c) of the Code.

(2) *Lump sum benefit.* Except for adjustments necessary to meet the minimum lump sum requirements as hereafter provided, if a participant elects to receive a lump sum benefit under the provisions of the plan, the amount of the benefit that is assigned to priority category 2 with respect to the participant is—

(i) The combined value of the annuity benefit and the pre-retirement death benefit determined according to paragraph (c)(1) (which constitutes the basic-type benefit) plus

(ii) The amount, if any, of the participant's accumulated mandatory employee contributions that exceeds the combined value of the annuity benefit and the pre-retirement death benefit (which constitutes the nonbasic-type benefit), but not more than

(iii) The amount of the participant's accumulated mandatory contributions.

(3) For purposes of paragraph (c)(2) of this section, accumulated mandatory

contributions means the contributions with interest, if any, payable under plan provisions to the participant or beneficiary on termination of the plan or, in the absence of such provisions, the amount that is payable if the participant withdrew his or her contributions on the termination date. The lump sum benefit may not be less than the minimum lump required by the IRS under section 204(c) of ERISA and section 411(c) of the Code upon withdrawal of mandatory employee contributions.

§ 4044.13 Priority category 3 benefits.

(a) *Definition.* The benefits in priority category 3 are those annuity benefits that were in pay status before the beginning of the 3-year period ending on the termination date, and those annuity benefits that could have been in pay status (then or as of the next payment date under the plan's rules for starting benefit payments) for participants who, before the beginning of the 3-year period ending on the termination date, had reached their Earliest PBGC Retirement Date (as determined under §4022.10 of this chapter based on plan provisions in effect on the day before the beginning of the 3-year period ending on the termination date). Benefit increases that were effective throughout the 5-year period ending on the termination date, including automatic benefit increases during that period to the extent provided in paragraph (b)(5) of this section, shall be included in determining the priority category 3 benefit. Benefits are primarily basic-type benefits, although nonbasic-type benefits will be included if any portion of a participant's priority category 3 benefit is not guaranteeable under the provisions of subpart A of part 4022 and §4022.21 of this chapter.

(b) *Assigning benefits.* The annuity benefit that is assigned to priority category 3 with respect to each participant is the lowest annuity that was paid or payable under the rules in paragraphs (b)(2) through (b)(6) of this section.

(1) *Eligibility of participants and beneficiaries.* A participant or beneficiary is eligible for a priority category 3 benefit if either of the following applies:

(i) The participant's (or beneficiary's) benefit was in pay status before the beginning of the 3-year period ending on the termination date.

(ii) Before the beginning of the 3-year period ending on the termination date, the participant was eligible for an annuity benefit that could have been in pay status and had reached his or her Earliest PBGC Retirement Date (as determined in §4022.10 of this chapter, based on plan provisions in effect on the day before the beginning of the 3-year period ending on the termination date). Whether a participant was eligible to receive an annuity before the beginning of the 3-year period shall be determined using the plan provisions in effect on the day before the beginning of the 3-year period.

(iii) If a participant described in either of the preceding two paragraphs died during the 3-year period ending on the date of the plan termination and his or her beneficiary is entitled to an annuity, the beneficiary is eligible for a priority category 3 benefit.

(2) *Plan provisions governing determination of benefit.* In determining the amount of the priority category 3 annuity with respect to a participant, the plan administrator shall use the participant's age, service, actual or expected retirement age, and other relevant facts as of the following dates:

(i) Except as provided in the next sentence, for a participant or beneficiary whose benefit was in pay status before the beginning of the 3-year period ending on the termination date, the priority category 3 benefit shall be determined according to plan provisions in effect on the date the benefit commenced. Benefit increases that were effective throughout the 5-year period ending on the termination date, including automatic benefit increases during that period to the extent provided in paragraph (b)(5) of this section, shall be included in determining the priority category 3 benefit. The form of annuity elected by a retiree is considered the normal form of annuity for that participant.

(ii) For a participant who was eligible to receive an annuity before the beginning of the 3-year period ending on the termination date but whose benefit was not in pay status, the priority category 3 benefit and the normal form of annuity shall be determined according

to plan provisions in effect on the day before the beginning of the 3-year period ending on the termination date as if the benefit had commenced at that time.

(3) *General benefit limitations.* The general benefit limitation is determined as follows:

(i) If a participant's benefit was in pay status before the beginning of the 3-year period, the benefit assigned to priority category 3 with respect to that participant is limited to the lesser of the lowest annuity benefit in pay status during the 3-year period ending on the termination date and the lowest annuity benefit payable under the plan provisions at any time during the 5-year period ending on the termination date.

(ii) Unless a benefit was in pay status before the beginning of the 3-year period ending on the termination date, the benefit assigned to priority category 3 with respect to a participant is limited to the lowest annuity benefit payable under the plan provisions, including any reduction for early retirement, at any time during the 5-year period ending on the termination date. If the annuity form of benefit under a formula that appears to produce the lowest benefit differs from the normal annuity form for the participant under paragraph (b)(2)(ii) of this section, the benefits shall be compared after the differing form is converted to the normal annuity form, using plan factors. In the absence of plan factors, the factors in subpart B of part 4022 of this chapter shall be used.

(iii) For purposes of this paragraph, if a terminating plan has been in effect less than five years on the termination date, computed in accordance with paragraph (b)(6) of this section, the lowest annuity benefit under the plan during the 5-year period ending on the termination date is zero. If the plan is a successor to a previously established defined benefit plan within the meaning of section 4021(a) of ERISA, the time it has been in effect will include the time the predecessor plan was in effect.

(4) *Determination of beneficiary's benefit.* If a beneficiary is eligible for a priority category 3 benefit because of the death of a participant during the 3-year period ending on the termination date, the benefit assigned to priority category 3 for the beneficiary shall be determined as if the participant had died the day before the 3-year period began.

(5) *Automatic benefit increases.* If plan provisions adopted and effective on or before the first day of the 5-year period ending on the termination date provided for automatic increases in the benefit formula for both active participants and those in pay status or for participants in pay status only, the lowest annuity benefit payable during the 5-year period ending on the termination date determined under paragraph (b)(3) of this section includes the automatic increases scheduled during the fourth and fifth years preceding termination, subject to the restriction that benefit increases for active participants in excess of the increases for retirees shall not be taken into account.

(6) *Computation of time periods.* For purposes of this section, a plan or amendment is ''in effect'' on the later of the date on which it is adopted or the date it becomes effective.

§ 4044.14 Priority category 4 benefits.

The benefits assigned to priority category 4 with respect to each participant are the participant's basic-type benefits that do not exceed the guarantee limits set forth in subpart B of part 4022 of this chapter, except as provided in the next sentence. The benefit assigned to priority category 4 with respect to a participant is not limited by the aggregate benefits limitations set forth in § 4022B.1 of this chapter for individuals who are participants in more than one plan or by the phase-in limitation applicable to substantial owners set forth in § 4022.26.

§ 4044.15 Priority category 5 benefits.

The benefits assigned to priority category 5 with respect to each participant are all of the participant's nonforfeitable benefits under the plan.

§ 4044.16 Priority category 6 benefits.

The benefits assigned to priority category 6 with respect to each participant are all of the participant's benefits under the plan, whether forfeitable or nonforfeitable.

§ 4044.17 Subclasses.

(a) *General rule.* A plan may establish one or more subclasses within any priority category, other than priority categories 1 and 2, which subclasses will govern the allocation of assets within that priority category. The subclasses may be based only on a participant's longer service, older age, or disability, or any combination thereof.

(b) *Limitation.* Except as provided in paragraph (c) of this section, whenever the allocation within a priority category on the basis of the subclasses established by the plan increases or decreases the cumulative amount of assets that otherwise would be allocated to guaranteed benefits, the assets so shifted shall be reallocated to other participants' benefits within the priority category in accordance with the subclasses.

(c) *Exception for subclasses in effect on September 2, 1974.* A plan administrator may allocate assets to subclasses within any priority category, other than priority categories 1 and 2, without regard to the limitation in paragraph (b) of this section if, on September 2, 1974, the plan provided for allocation of plan assets upon termination of the plan based on a participant's longer service, older age, or disability, or any combination thereof, and—

(1) Such provisions are still in effect; or

(2) The plan, if subsequently amended to modify or remove those subclasses, is re-amended to re-establish the same subclasses on or before July 28, 1981.

(d) *Discrimination under Code.* Notwithstanding the provisions of paragraphs (a) through (c) of this section, allocation of assets to subclasses established under this section is permitted only to the extent that the allocation does not result in discrimination prohibited under the Code and regulations thereunder.

ALLOCATION OF RESIDUAL ASSETS

§ 4044.30 [Reserved]

Subpart B—Valuation of Benefits and Assets

GENERAL PROVISIONS

§ 4044.41 General valuation rules.

(a) *Valuation of benefits*—(1) *Trusteed plans.* The plan administrator of a plan that has been or will be placed into trusteeship by the PBGC shall value plan benefits in accordance with §§ 4044.51 through 4044.57.

(2) *Non-trusteed plans.* The plan administrator of a non-trusteed plan shall value plan benefits in accordance with §§ 4044.71 through 4044.75. If a plan with respect to which PBGC has issued a Notice of Sufficiency is unable to satisfy all benefits assigned to priority categories 1 through 4 on the distribution date, the PBGC will place it into trusteeship and the plan administrator shall re-value the benefits in accordance with §§ 4044.51 through 4044.57. (See Note at beginning of part 4044.)

(b) *Valuation of assets.* Plan assets shall be valued at their fair market value, based on the method of valuation that most accurately reflects such fair market value.

TRUSTEED PLANS

§ 4044.51 Benefits to be valued.

(a) *Form of benefit.* The plan administrator shall determine the form of each benefit to be valued in accordance with the following rules:

(1) If a benefit is in pay status as of the valuation date, the plan administrator shall value the form of the benefit being paid.

(2) If a benefit is not in pay status as of the valuation date but a valid election with respect to the form of benefit has been made on or before the valuation date, the plan administrator shall value the form of benefit so elected.

(3) If a benefit is not in pay status as of the valuation date and no valid election with respect to the form of benefit has been made on or before the valuation date, the plan administrator shall value the form of benefit that,

997

under the terms of the plan, is payable in the absence of a valid election.

(b) *Timing of benefit.* The plan administrator shall value benefits whose starting date is subject to election using the assumption specified in paragraph (b)(1) or (b)(2) of this section.

(1) *Where election made.* If a valid election of the starting date of a benefit has been made on or before the valuation date, the plan administrator shall assume that the starting date of the benefit is the starting date so elected.

(2) *Where no election made.* If no valid election of the starting date of a benefit has been made on or before the valuation date, the plan administrator shall assume that the starting date of the benefit is the later of—

(i) The expected retirement age, as determined under §§ 4044.55 through 4044.57, of the participant with respect to whom the benefit is payable, or

(ii) The valuation date.

§ 4044.52 Valuation of benefits.

The plan administrator shall value all benefits as of the valuation date by—

(a) Using the mortality assumptions prescribed by § 4044.53 and the interest assumptions prescribed in appendix B to this part;

(b) Using interpolation methods, where necessary, at least as accurate as linear interpolation;

(c) Using valuation formulas that accord with generally accepted actuarial principles and practices; and

(d) Adjusting the values to reflect loading expenses in accordance with appendix C to this part.

[65 FR 14753, Mar. 17, 2000, as amended at 70 FR 72207, Dec. 2, 2005]

4044.53 Mortality assumptions.

(a) *General rule.* Subject to paragraph (b) of this section (regarding certain death benefits), the plan administrator shall use the mortality factors prescribed in paragraphs (c), (d), (e), (f), and (g) of this section to value benefits under § 4044.52.

(b) *Certain death benefits.* If an annuity for one person is in pay status on the valuation date, and if the payment of a death benefit after the valuation date to another person, who need not

be identifiable on the valuation date, depends in whole or in part on the death of the pay status annuitant, then the plan administrator shall value the death benefit using—

(1) The mortality rates that are applicable to the annuity in pay status under this section to represent the mortality of the pay status annuitant; and

(2) The mortality rates under paragraph (c) of this section to represent the mortality of the death beneficiary.

(c) *Healthy lives.* If the individual is not disabled under paragraph (f) of this section, the plan administrator will value the benefit using—

(1) For male participants, the rates in Table 1 of Appendix A to this part projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 2 of Appendix A to this part; and

(2) For female participants, the rates in Table 3 of Appendix A to this part projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 4 of Appendix A to this part.

(d) *Social Security disabled lives.* If the individual is Social Security disabled under paragraph (f)(1) of this section, the plan administrator will value the benefit using—

(1) For male participants, the rates in Table 5 of Appendix A to this part; and

(2) For female participants, the rates in Table 6 of Appendix A to this part.

(e) Non-Social Security disabled lives. If the individual is non-Social Security disabled under paragraph (f)(2) of this section, the plan administrator will value the benefit at each age using—

(1) For male participants, the lesser of—

(i) The rate determined from Table 1 of Appendix A to this part projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 2 of Appendix A to this part and setting the resulting table forward three years, or

(ii) The rate in Table 5 of Appendix A to this part.

(2) For female participants, the lesser of—

(i) The rate determined from Table 3 of Appendix A to this part projected from 1994 to the calendar year in which the valuation date occurs plus 10 years using Scale AA from Table 4 of Appendix A to this part and setting the resulting table forward three years, or

(ii) The rate in Table 6 of Appendix A to this part.

(f) *Definitions of disability.*

(1) *Social Security disabled.* A participant is Social Security disabled if, on the valuation date, the participant is less than age 65 and has a benefit in pay status that—

(i) Is being received as a disability benefit under a plan provision requiring either receipt of or eligibility for Social Security disability benefits, or

(ii) Was converted under the plan's terms from a disability benefit under a plan provision requiring either receipt of or eligibility for Social Security disability benefits to an early or normal retirement benefit for any reason other than a change in the participant's health status.

(2) *Non-Social Security disabled.* A participant is non-Social Security disabled if, on the valuation date, the participant is less than age 65, is not Social Security disabled, and has a benefit in pay status that—

(i) Is being received as a disability benefit under the plan, or

(ii) Was converted under the plan's terms from a disability benefit to an early or normal retirement benefit for any reason other than a change in the participant's health status.

(g) *Contingent annuitant mortality during deferral period.* If a participant's joint and survivor benefit is valued as a deferred annuity, the mortality of the contingent annuitant during the deferral period will be disregarded.

[70 FR 72207, Dec. 2, 2005]

§ 4044.54 [Reserved]

EXPECTED RETIREMENT AGE

§ 4044.55 XRA when a participant must retire to receive a benefit.

(a) *Applicability.* Except as provided in § 4044.57, the plan administrator shall determine the XRA under this section when plan provisions or established plan practice require a participant to retire from his or her job to begin receiving an early retirement benefit.

(b) *Data needed.* The plan administrator shall determine for each participant who is entitled to an early retirement benefit—

(1) The amount of the participant's monthly benefit payable at unreduced retirement age in the normal form payable under the terms of the plan or in the form validly elected by the participant before the termination date;

(2) The calendar year in which the participant reaches unreduced retirement age ("URA");

(3) The participant's URA; and

(4) The participant's earliest retirement age at the valuation date.

(c) *Procedure.* (1) The plan administrator shall determine whether a participant is in the high, medium or low retirement rate category using the applicable Selection of Retirement Rate Category Table in appendix D, based on the participant's benefit determined under paragraph (b)(1) of this section and the year in which the participant reaches URA.

(2) Based on the retirement rate category determined under paragraph (c)(1), the plan administrator shall determine the XRA from Table II-A, II-B or II-C, as appropriate, by using the participant's URA and earliest retirement age at valuation date.

§ 4044.56 XRA when a participant need not retire to receive a benefit.

(a) *Applicability.* Except as provided in § 4044.57, the plan administrator shall determine the XRA under this section when plan provisions or established plan practice do not require a participant to retire from his or her job to begin receiving his or her early retirement benefit.

(b) *Data needed.* The plan administrator shall determine for each participant—

(1) The participant's URA; and

(2) The participant's earliest retirement age at valuation date.

(c) *Procedure.* Participants in this case are always assigned to the high retirement rate category and therefore the plan administrator shall use Table II-C of appendix D to determine the

999

XRA. The plan administrator shall determine the XRA from Table II-C by using the participant's URA and earliest retirement age at termination date.

§ 4044.57 Special rule for facility closing.

(a) *Applicability*. The plan administrator shall determine the XRA under this section, rather than § 4044.55 or § 4044.56, when both the conditions set forth in paragraphs (a)(1) and (a)(2) of this section exist.

(1) The facility at which the participant is or was employed permanently closed within one year before the valuation date, or is in the process of being permanently closed on the valuation date.

(2) The participant left employment at the facility less than one year before the valuation date or was still employed at the facility on the valuation date.

(b) *XRA*. The XRA is equal to the earliest retirement age at valuation date.

NON-TRUSTEED PLANS

§ 4044.71 Valuation of annuity benefits.

The value of a benefit which is to be paid as an annuity is the cost of purchasing the annuity on the date of distribution from an insurer under the qualifying bid.

§ 4044.72 Form of annuity to be valued.

(a) When both the participant and beneficiary are alive on the date of distribution, the form of annuity to be valued is—

(1) For a participant or beneficiary already receiving a monthly benefit, that form which is being received, or

(2) For a participant or beneficiary not receiving a monthly benefit, the normal annuity form payable under the plan or the optional form for which the participant has made a valid election pursuant to § 2617.4(c) of this chapter. (See Note at beginning of part 4044.)

(b) When the participant dies after the date of plan termination but before the date of distribution, the form of annuity to be valued is determined under paragraph (b)(1) or (b)(2) of this section:

(1) For a participant who was entitled to a deferred annuity—

(i) If the form was a single or joint life annuity, no benefit shall be valued; or

(ii) If the participant had made a valid election of a lump sum benefit before he or she died, the form to be valued is the lump sum.

(2) For a participant who was eligible for immediate retirement, and for a participant who was in pay status at the date of termination—

(i) If the form was a single life annuity, no benefit shall be valued;

(ii) If the form was an annuity for a period certain and life thereafter, the form to be valued is an annuity for the certain period;

(iii) If the form was a joint and survivor annuity, the form to be valued is a single life annuity payable to the beneficiary, unless the beneficiary has also died, in which case no benefit shall be valued;

(iv) If the form was an annuity for a period certain and joint and survivor thereafter, the form to be valued is an annuity for the certain period and the life of the beneficiary thereafter, unless the beneficiary has also died, in which case the form to be valued is an annuity for the certain period;

(v) If the form was a cash refund annuity, the form to be valued is the remaining lump sum death benefit; or

(vi) If the participant had elected a lump sum benefit before he or she died, the form to be valued is the lump sum.

(c) When the participant is still living and the named beneficiary or spouse dies after the date of termination but before the date of distribution, the form of annuity to be valued is determined under paragraph (c)(1) or (c)(2) of this section:

(1) For a participant entitled to a deferred annuity—

(i) If the form was a joint and survivor annuity, the form to be valued is a single life annuity payable to the participant; or

(ii) If the form was an annuity for a period certain and joint and survivor thereafter, the form to be valued is an annuity for the certain period and the life of the participant thereafter.

1000

(2) For a participant eligible for immediate retirement and for a participant in pay status at the date of termination—

(i) If the form was a joint and survivor annuity, the form to be valued is a single life annuity payable to the participant; or

(ii) If the form was an annuity for a period certain and joint survivor thereafter annuity, the form to be valued is an annuity for the certain period and for the life of the participant thereafter.

§ 4044.73 Lump sums and other alternative forms of distribution in lieu of annuities.

(a) *Valuation.* (1) The value of the lump sum or other alternative form of distribution is the present value of the normal form of benefit provided by the plan payable at normal retirement age, determined as of the date of distribution using reasonable actuarial assumptions as to interest and mortality.

(2) If the participant dies before the date of distribution, but had elected a lump sum benefit, the present value shall be determined as if the participant were alive on the date of distribution.

(b) *Actuarial assumptions.* The plan administrator shall specify the actuarial assumptions used to determine the value calculated under paragraph (a) of this section when the plan administrator submits the benefit valuation data to the PBGC pursuant to § 2617.12 of part 2617 of this chapter. The same actuarial assumptions shall be used for all such calculations. The PBGC reserves the right to review the actuarial assumptions used and to revalue the benefits determined by the plan administrator if the actuarial assumptions are found to be unreasonable.

(See Note at beginning of part 4044.)

§ 4044.74 Withdrawal of employee contributions.

(a) If a participant has not started to receive monthly benefit payments on the date of distribution, the value of the lump sum which returns mandatory employee contributions is equal to the total amount of contributions made by the participant, plus interest that is payable to the participant under the terms of the plan, plus interest on that total amount from the date of termination to the date of distribution. The rate of interest credited on employee contributions up to the date of termination shall be the greater of the interest rate provided under the terms of the plan or the interest rate required under section 204(c) of ERISA or section 411(c) of the IRC.

(b) If a participant has started to receive monthly benefit payments on the date of distribution, part of which are attributable to his or her contributions, the value of the lump sum which returns employee contributions is equal to the excess of the amount described in paragraph (b)(1) of this section over the amount computed in paragraph (b)(2) of this section.

(1) The amount of accumulated mandatory employee contributions remaining in the plan as of the date of termination plus interest from the date of termination to the date of distribution.

(2) The excess of benefit payments made from the plan between date of plan termination and the date of distribution, over the amount of payments that would have been made if the employee contributions had been paid as a lump sum on the date of plan termination, with interest accumulated on the excess from the date of payment to the date of distribution.

(c) *Interest assumptions.* The interest rate used under this section to credit interest between the date of termination to the date of distribution shall be a reasonable rate and shall be the same for both paragraphs (a) and (b).

§ 4044.75 Other lump sum benefits.

The value of a lump sum benefit which is not covered under § 4044.73 or § 4044.74 is equal to—

(a) The value under the qualifying bid, if an insurer provides the benefit; or

(b) The present value of the benefit as of the date of distribution, determined using reasonable actuarial assumptions, if the benefit is to be distributed other than by the purchase of the benefit from an insurer. The PBGC reserves the right to review the actuarial assumptions as to reasonableness

1001

and re-value the benefit if the actuarial assumptions are unreasonable.

(See Note at beginning of part 4044.)

APPENDIX A TO PART 4044—MORTALITY RATE TABLES

The mortality tables in this appendix set forth for each age x the probability q_x that an individual aged x (in 1994, when using Table 1 or Table 3) will not survive to attain age x + 1. The projection scales in this appendix set forth for each age x the annual reduction AA_x in the mortality rate at age x.

TABLE 1—MORTALITY TABLE FOR HEALTHY MALE PARTICIPANTS

[94 GAM basic]

Age x	q_x
15	0.000371
16	0.000421
17	0.000463
18	0.000495
19	0.000521
20	0.000545
21	0.000570
22	0.000598
23	0.000633
24	0.000671
25	0.000711
26	0.000749
27	0.000782
28	0.000811
29	0.000838
30	0.000862
31	0.000883
32	0.000902
33	0.000912
34	0.000913
35	0.000915
36	0.000927
37	0.000958
38	0.001010
39	0.001075
40	0.001153
41	0.001243
42	0.001346
43	0.001454
44	0.001568
45	0.001697
46	0.001852
47	0.002042
48	0.002260
49	0.002501
50	0.002773
51	0.003088
52	0.003455
53	0.003854
54	0.004278
55	0.004758
56	0.005322
57	0.006001
58	0.006774
59	0.007623
60	0.008576
61	0.009663
62	0.010911
63	0.012335
64	0.013914
65	0.015629
66	0.017462

TABLE 1—MORTALITY TABLE FOR HEALTHY MALE PARTICIPANTS—Continued

[94 GAM basic]

Age x	q_x
67	0.019391
68	0.021354
69	0.023364
70	0.025516
71	0.027905
72	0.030625
73	0.033549
74	0.036614
75	0.040012
76	0.043933
77	0.048570
78	0.053991
79	0.060066
80	0.066696
81	0.073780
82	0.081217
83	0.088721
84	0.096358
85	0.104559
86	0.113755
87	0.124377
88	0.136537
89	0.149949
90	0.164442
91	0.179849
92	0.196001
93	0.213325
94	0.231936
95	0.251189
96	0.270441
97	0.289048
98	0.306750
99	0.323976
100	0.341116
101	0.358560
102	0.376699
103	0.396884
104	0.418855
105	0.440585
106	0.460043
107	0.475200
108	0.485670
109	0.492807
110	0.497189
111	0.499394
112	0.500000
113	0.500000
114	0.500000
115	0.500000
116	0.500000
117	0.500000
118	0.500000
119	0.500000
120	1.000000

TABLE 2—PROJECTION SCALE AA FOR HEALTHY MALE PARTICIPANTS

Age x	AA_x
15	0.019
16	0.019
17	0.019
18	0.019
19	0.019
20	0.019
21	0.018
22	0.017

TABLE 2—PROJECTION SCALE AA FOR HEALTHY MALE PARTICIPANTS—Continued

Age x	AA$_x$
23	0.015
24	0.013
25	0.010
26	0.006
27	0.005
28	0.005
29	0.005
30	0.005
31	0.005
32	0.005
33	0.005
34	0.005
35	0.005
36	0.005
37	0.005
38	0.006
39	0.007
40	0.008
41	0.009
42	0.010
43	0.011
44	0.012
45	0.013
46	0.014
47	0.015
48	0.016
49	0.017
50	0.018
51	0.019
52	0.020
53	0.020
54	0.020
55	0.019
56	0.018
57	0.017
58	0.016
59	0.016
60	0.016
61	0.015
62	0.015
63	0.014
64	0.014
65	0.014
66	0.013
67	0.013
68	0.014
69	0.014
70	0.015
71	0.015
72	0.015
73	0.015
74	0.015
75	0.014
76	0.014
77	0.013
78	0.012
79	0.011
80	0.010
81	0.009
82	0.008
83	0.008
84	0.007
85	0.007
86	0.007
87	0.006
88	0.005
89	0.005
90	0.004
91	0.004
92	0.003
93	0.003

TABLE 2—PROJECTION SCALE AA FOR HEALTHY MALE PARTICIPANTS—Continued

Age x	AA$_x$
94	0.003
95	0.002
96	0.002
97	0.002
98	0.001
99	0.001
100	0.001
101	0.000
102	0.000
103	0.000
104	0.000
105	0.000
106	0.000
107	0.000
108	0.000
109	0.000
110	0.000
111	0.000
112	0.000
113	0.000
114	0.000
115	0.000
116	0.000
117	0.000
118	0.000
119	0.000
120	0.000

TABLE 3—MORTALITY TABLE FOR HEALTHY FEMALE PARTICIPANTS

[94 GAM Basic]

Age x	q$_x$
15	0.000233
16	0.000261
17	0.000281
18	0.000293
19	0.000301
20	0.000305
21	0.000308
22	0.000311
23	0.000313
24	0.000313
25	0.000313
26	0.000316
27	0.000324
28	0.000338
29	0.000356
30	0.000377
31	0.000401
32	0.000427
33	0.000454
34	0.000482
35	0.000514
36	0.000550
37	0.000593
38	0.000643
39	0.000701
40	0.000763
41	0.000826
42	0.000888
43	0.000943
44	0.000992
45	0.001046
46	0.001111
47	0.001196
48	0.001297
49	0.001408

1003

TABLE 3—MORTALITY TABLE FOR HEALTHY FEMALE PARTICIPANTS—Continued

[94 GAM Basic]

Age x	q_x
50	0.001536
51	0.001686
52	0.001864
53	0.002051
54	0.002241
55	0.002466
56	0.002755
57	0.003139
58	0.003612
59	0.004154
60	0.004773
61	0.005476
62	0.006271
63	0.007179
64	0.008194
65	0.009286
66	0.010423
67	0.011574
68	0.012648
69	0.013665
70	0.014763
71	0.016079
72	0.017748
73	0.019724
74	0.021915
75	0.024393
76	0.027231
77	0.030501
78	0.034115
79	0.038024
80	0.042361
81	0.047260
82	0.052853
83	0.058986
84	0.065569
85	0.072836
86	0.081018
87	0.090348
88	0.100882
89	0.112467
90	0.125016
91	0.138442
92	0.152660
93	0.167668
94	0.183524
95	0.200229
96	0.217783
97	0.236188
98	0.255605
99	0.276035
100	0.297233
101	0.318956
102	0.340960
103	0.364586
104	0.389996
105	0.415180
106	0.438126
107	0.456824
108	0.471493
109	0.483473
110	0.492436
111	0.498054
112	0.500000
113	0.500000
114	0.500000
115	0.500000
116	0.500000
117	0.500000
118	0.500000
119	0.500000

TABLE 3—MORTALITY TABLE FOR HEALTHY FEMALE PARTICIPANTS—Continued

[94 GAM Basic]

Age x	q_x
120	1.000000

TABLE 4—PROJECTION SCALE AA FOR HEALTHY FEMALE PARTICIPANTS

Age x	AA_x
15	0.016
16	0.015
17	0.014
18	0.014
19	0.015
20	0.016
21	0.017
22	0.017
23	0.016
24	0.015
25	0.014
26	0.012
27	0.012
28	0.012
29	0.012
30	0.010
31	0.008
32	0.008
33	0.009
34	0.010
35	0.011
36	0.012
37	0.013
38	0.014
39	0.015
40	0.015
41	0.015
42	0.015
43	0.015
44	0.015
45	0.016
46	0.017
47	0.018
48	0.018
49	0.018
50	0.017
51	0.016
52	0.014
53	0.012
54	0.010
55	0.008
56	0.006
57	0.005
58	0.005
59	0.005
60	0.005
61	0.005
62	0.005
63	0.005
64	0.005
65	0.005
66	0.005
67	0.005
68	0.005
69	0.005
70	0.005
71	0.006
72	0.006
73	0.007
74	0.007
75	0.008

TABLE 4—PROJECTION SCALE AA FOR HEALTHY FEMALE PARTICIPANTS—Continued

Age x	AA_x
76	0.008
77	0.007
78	0.007
79	0.007
80	0.007
81	0.007
82	0.007
83	0.007
84	0.007
85	0.006
86	0.005
87	0.004
88	0.004
89	0.003
90	0.003
91	0.003
92	0.003
93	0.002
94	0.002
95	0.002
96	0.002
97	0.001
98	0.001
99	0.001
100	0.001
101	0.000
102	0.000
103	0.000
104	0.000
105	0.000
106	0.000
107	0.000
108	0.000
109	0.000
110	0.000
111	0.000
112	0.000
113	0.000
114	0.000
115	0.000
116	0.000
117	0.000
118	0.000
119	0.000
120	0.000

TABLE 5—MORTALITY TABLE FOR SOCIAL SECURITY DISABLED MALE PARTICIPANTS

Age x	q_x
15	0.022010
16	0.022502
17	0.023001
18	0.023519
19	0.024045
20	0.024583
21	0.025133
22	0.025697
23	0.026269
24	0.026857
25	0.027457
26	0.028071
27	0.028704
28	0.029345
29	0.029999
30	0.030661
31	0.031331
32	0.032006
33	0.032689

TABLE 5—MORTALITY TABLE FOR SOCIAL SECURITY DISABLED MALE PARTICIPANTS—Continued

Age x	q_x
34	0.033405
35	0.034184
36	0.034981
37	0.035796
38	0.036634
39	0.037493
40	0.038373
41	0.039272
42	0.040189
43	0.041122
44	0.042071
45	0.043033
46	0.044007
47	0.044993
48	0.045989
49	0.046993
50	0.048004
51	0.049021
52	0.050042
53	0.051067
54	0.052093
55	0.053120
56	0.054144
57	0.055089
58	0.056068
59	0.057080
60	0.058118
61	0.059172
62	0.060232
63	0.061303
64	0.062429
65	0.063669
66	0.065082
67	0.066724
68	0.068642
69	0.070834
70	0.073284
71	0.075979
72	0.078903
73	0.082070
74	0.085606
75	0.088918
76	0.092208
77	0.095625
78	0.099216
79	0.103030
80	0.107113
81	0.111515
82	0.116283
83	0.121464
84	0.127108
85	0.133262
86	0.139974
87	0.147292
88	0.155265
89	0.163939
90	0.173363
91	0.183585
92	0.194653
93	0.206615
94	0.219519
95	0.234086
96	0.248436
97	0.263954
98	0.280803
99	0.299154
100	0.319185
101	0.341086
102	0.365052
103	0.393102

TABLE 5—MORTALITY TABLE FOR SOCIAL SECURITY DISABLED MALE PARTICIPANTS—Continued

Age x	q_x
104	0.427255
105	0.469531
106	0.521945
107	0.586518
108	0.665268
109	0.760215
110	1.000000

TABLE 6—MORTALITY TABLE FOR SOCIAL SECURITY DISABLED FEMALE PARTICIPANTS

Age x	q_x
15	0.007777
16	0.008120
17	0.008476
18	0.008852
19	0.009243
20	0.009650
21	0.010076
22	0.010521
23	0.010984
24	0.011468
25	0.011974
26	0.012502
27	0.013057
28	0.013632
29	0.014229
30	0.014843
31	0.015473
32	0.016103
33	0.016604
34	0.017121
35	0.017654
36	0.018204
37	0.018770
38	0.019355
39	0.019957
40	0.020579
41	0.021219
42	0.021880
43	0.022561
44	0.023263
45	0.023988
46	0.024734
47	0.025504
48	0.026298
49	0.027117
50	0.027961
51	0.028832
52	0.029730
53	0.030655
54	0.031609
55	0.032594
56	0.033608
57	0.034655
58	0.035733

TABLE 6—MORTALITY TABLE FOR SOCIAL SECURITY DISABLED FEMALE PARTICIPANTS—Continued

Age x	q_x
59	0.036846
60	0.037993
61	0.039176
62	0.040395
63	0.041653
64	0.042950
65	0.044287
66	0.045666
67	0.046828
68	0.048070
69	0.049584
70	0.051331
71	0.053268
72	0.055356
73	0.057573
74	0.059979
75	0.062574
76	0.065480
77	0.068690
78	0.072237
79	0.076156
80	0.080480
81	0.085243
82	0.090480
83	0.096224
84	0.102508
85	0.109368
86	0.116837
87	0.124948
88	0.133736
89	0.143234
90	0.153477
91	0.164498
92	0.176332
93	0.189011
94	0.202571
95	0.217045
96	0.232467
97	0.248870
98	0.266289
99	0.284758
100	0.303433
101	0.327385
102	0.359020
103	0.395842
104	0.438360
105	0.487816
106	0.545886
107	0.614309
108	0.694884
109	0.789474
110	1.000000

[70 FR 72208, Dec. 2, 2005; 70 FR 73330, Dec. 9, 2005]

APPENDIX B TO PART 4044—INTEREST RATES USED TO VALUE BENEFITS

[This table sets forth, for each indicated calendar month, the interest rates (denoted by i_1, i_2, . . ., and referred to generally as i_t) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.]

For valuation dates occurring in the month—	The values of i_t are:					
	i_t	for t=	i_t	for t=	i_t	for t=
November 1993	.0560	1–25	.0525	>	N/A	N/A
December 1993	.0560	1–25	.0525	>25	N/A	N/A
January 1994	.0590	1–25	.0525	>25	N/A	N/A
February 1994	.0590	1–25	.0525	>25	N/A	N/A
March 1994	.0580	1–25	.0525	>25	N/A	N/A
April 1994	.0620	1–25	.0525	>25	N/A	N/A
May 1994	.0650	1–25	.0525	>25	N/A	N/A
June 1994	.0670	1–25	.0525	>25	N/A	N/A
July 1994	.0690	1–25	0.525	>25	N/A	N/A
August 1994	.0700	1–25	.0525	>25	N/A	N/A
September 1994	.0690	1–25	.0525	>25	N/A	N/A
October 1994	.0700	1–25	.0525	>25	N/A	N/A
November 1994	.0730	1–25	.0525	>25	N/A	N/A
December 1994	.0750	1–25	.0525	>25	N/A	N/A
January 1995	.0750	1–20	.0575	>20	N/A	N/A
February 1995	.0730	1–20	.0575	>20	N/A	N/A
March 1995	.0730	1–20	.0575	>20	N/A	N/A
April 1995	.0710	1–20	.0575	>20	N/A	N/A
May 1995	.0690	1–20	.0575	>20	N/A	N/A
June 1995	.0680	1–20	.0575	>20	N/A	N/A
July 1995	.0630	1–20	.0575	>20	N/A	N/A
August 1995	.0620	1–20	.0575	>20	N/A	N/A
September 1995	.0640	1–20	.0575	>20	N/A	N/A
October 1995	.0630	1–20	.0575	>20	N/A	N/A
November 1995	.0620	1–20	.0575	>20	N/A	N/A
December 1995	.0600	1–20	.0575	>20	N/A	N/A
January 1996	.0560	1–20	.0475	>20	N/A	N/A
February 1996	.0540	1–20	.0475	>20	N/A	N/A
March 1996	.0550	1–20	.0475	>20	N/A	N/A
April 1996	.0580	1–20	.0475	>20	N/A	N/A
May 1996	.0600	1–20	.0475	>20	N/A	N/A
June 1996	.0620	1–20	.0475	>20	N/A	N/A
July 2006	.0630	1–20	.0475	>20	N/A	N/A
August 1996	.0630	1–20	.0475	>20	N/A	N/A
September 1996	.0630	1–20	.0475	>20	N/A	N/A
October 1996	.0630	1–20	.0475	>20	N/A	N/A
November 1996	.0620	1–20	.0475	>20	N/A	N/A
December 1996	.0600	1–20	.0475	>20	N/A	N/A
January 1997	.0580	1–25	.0500	>25	N/A	N/A
February 1997	.0590	1–25	.0500	>25	N/A	N/A
March 1997	.0620	1–25	.0500	>25	N/A	N/A
April 1997	.0610	1–25	.0500	>25	N/A	N/A
May 1997	.0630	1–25	.0500	>25	N/A	N/A
June 1997	.0640	1–25	.0500	>25	N/A	N/A
July 1997	.0630	1–25	.0500	>25	N/A	N/A
August 1997	.0610	1–25	.0500	>25	N/A	N/A
September 1997	.0570	1–25	.0500	>25	N/A	N/A
October 1997	.0590	1–25	.0500	>25	N/A	N/A
November 1997	.0570	1–25	.0500	>25	N/A	N/A
December 1997	.0560	1–25	.0500	>25	N/A	N/A
January 1998	.0560	1–25	.0525	>25	N/A	N/A
February 1998	.0550	1–25	.0525	>25	N/A	N/A
March 1998	.0550	1–25	.0525	>25	N/A	N/A
April 1998	.0550	1–25	.0525	>25	N/A	N/A
May 1998	.0560	1–25	.0525	>25	N/A	N/A
June 1998	.0560	1–25	.0525	>25	N/A	N/A
July 1998	.0550	1–25	.0525	>25	N/A	N/A
August 1998	.0540	1–25	.0525	>25	N/A	N/A
September 1998	.0540	1–25	.0525	>25	N/A	N/A
October 1998	.0540	1–25	.0525	>25	N/A	N/A
November 1998	.0530	1–25	.0525	>25	N/A	N/A
December 1998	.0540	1–25	.0525	>25	N/A	N/A
January 1999	.0530	1–20	.0525	>20	N/A	N/A
February 1999	.0540	1–20	.0525	>20	N/A	N/A
March 1999	.0530	1–20	.0525	>20	N/A	N/A
April 1999	.0560	1–20	.0525	>20	N/A	N/A
May 1999	.0570	1–20	.0525	>20	N/A	N/A
June 1999	.0570	1–20	.0525	>20	N/A	N/A
July 1999	.0600	1–20	.0525	>20	N/A	N/A
August 1999	.0630	1–20	.0525	>20	N/A	N/A
September 1999	.0630	1–20	.0525	>20	N/A	N/A
October 1999	.0630	1–20	.0525	>20	N/A	N/A

For valuation dates occurring in the month—	The values of i_t are:					
	i_t	for t=	i_t	for t=	i_t	for t=
November 1999	.0630	1–20	.0525	>20	N/A	N/A
December 1999	.0650	1–20	.0525	>20	N/A	N/A
January 2000	.0690	1–25	.0625	>25	N/A	N/A
February 2000	.0710	1–25	.0625	>25	N/A	N/A
March 2000	.0710	1–25	.0625	25	N/A	N/A.
April 2000	.0710	1–25	.0625	>25	N/A	N/A
May 2000	.0700	1–25	.0625	>25	N/A	N/A
June 2000	.0710	1–25	.0625	>25	N/A	N/A
July 2000	.0740	1–25	0625	>25	N/A	N/A
August 2000	.0710	1–25	.0625	>25	N/A	N/A
September 2000	.070	1–25	.0625	25	N/A	N/A
October 2000	.0700	1–25	.0625	>25	N/A	N/A
November 2000	.0710	1–25	.0625	>25	N/A	N/A
December 2000	.0700	1–25	.0625	>25	N/A	N/A
January 2001	.0670	1–20	.0625	>20	N/A	N/A
February 2001	.0650	1–20	.0625	>20	N/A	N/A
March 2001	.0640	1–20	.0625	>20	N/A	N/A
April 2001	.0640	1–20	.0625	>20	N/A	N/A
May 2001	.0640	1–20	.0625	>20	N/A	N/A
June 2001	.0660	1–20	.0625	>20	N/A	N/A
July 2001	.0660	1–20	.0625	>20	N/A	N/A
August 2001	.0640	1–20	.0625	>20	N/A	N/A
September 2001	.0630	1–20	.0625	>20	N/A	N/A
October 2001	.0610	1–20	.0625	>20	N/A	N/A
November 2001	.0650	1–20	.0625	>20	N/A	N/A
December 2001	.0610	1–20	.0625	>20	N/A	N/A
January 2002	.0580	1–25	.0425	>25	N/A	N/A
February 2002	.0580	1–25	.0425	>25	N/A	N/A
March 2002	.0560	1–25	.0425	>25	N/A	N/A
April 2002	.0550	1–25	.0425	>25	N/A	N/A
May 2002	.0590	1–25	.0425	>25	N/A	N/A
June 2002	.0570	1–25	.0425	>25	N/A	N/A
July 2002	.0570	1–25	.0425	>25	N/A	N/A
August 2002	.0550	1–25	.0425	>25	N/A	N/A
September 2002	.0540	1–25	.0425	25	N/A	N/A
October 2002	.0530	1–25	.0425	>25	N/A	N/A
November 2002	.0500	1–25	.0425	>25	N/A	N/A
December 2002	.0530	1–25	.0425	>25	N/A	N/A
January 2003	.0530	1–20	.0525	>20	N/A	N/A
February 2003	.0510	1–20	.0525	>20	N/A	N/A
March 2003	.0510	1–20	.0525	>20	N/A	N/A
April 2003	.0490	1–20	.0525	>20	N/A	N/A
May 2003	.0490	1–20	.0525	>20	N/A	N/A
June 2003	.0470	1–20	.0525	>20	N/A	N/A
July 2003	.0430	1–20	.0525	>20	N/A	N/A
August 2003	.0440	1–20	.0525	>20	N/A	N/A
September 2003	.0490	1–20	.0525	>20	N/A	N/A
October 2003	.0490	1–20	.0525	>20	N/A	N/A
November 2003	.0460	1–20	.0525	20	N/A	N/A
December 2003	.0470	1–20	.0525	>20	N/A	N/A
January 2004	.0420	1–20	.0500	>20	N/A	N/A
February 2004	.0410	1–20	.0500	>20	N/A	N/A
March 2004	.0410	1–20	.0500	>20	N/A	N/A
April 2004	.0400	1–20	.0500	>20	N/A	N/A
May 2004	.0390	1–20	.0500	>20	N/A	N/A
June 2004	.0430	1–20	.0500	>20	N/A	N/A
July 2004	.0450	1–20	.0500	>20	N/A	N/A
August 2004	.0430	1–20	.0500	>20	N/A	N/A
September 2004	.0420	1–20	.0500	>20	N/A	N/A
October 2004	.0400	1–20	.0500	>20	N/A	N/A
November 2004	.0380	1–20	.0500	>20	N/A	N/A
December 2004	.0380	1–20	.0500	>20	N/A	N/A
January 2005	.0410	1–20	.0475	>20	N/A	N/A
February 2005	.0400	1–20	.0475	>20	N/A	N/A
March 2005	.0380	1–20	.0475	>20	N/A	N/A
April 2005	.0380	1–20	.0475	>20	N/A	N/A
May 2005	.0390	1–20	.0475	>20	N/A	N/A
June 2005	.0370	1–20	.0475	>20	N/A	N/A
July 2005	.0360	1–20	.0475	>20	N/A	N/A
August 2005	.0340	1–20	.0475	>20	N/A	N/A
September 2005	.0360	1–20	.0475	>20	N/A	N/A
October 2005	.0350	1–20	.0475	>20	N/A	N/A

For valuation dates occurring in the month—	The values of i_t are:					
	i_t	for t=	i_t	for t=	i_t	for t=
November 2005	.0370	1–20	.0475	>20	N/A	N/A
December 2005	.0400	1–20	.0475	>20	N/A	N/A
January 2006	.0570	1–20	.0475	>20	N/A	N/A
February 2006	.0560	1–20	.0475	>20	N/A	N/A
March 2006	.0570	1–20	.0475	>20	N/A	N/A
April 2006	.0560	1–20	.0475	>20	N/A	N/A
May 2006	.0590	1–20	.0475	>20	N/A	N/A
June 2006	.0620	1–20	.0475	>20	N/A	N/A
July 2006	.0630	1–20	.0475	>20	N/A	N/A
August 2006	.0640	1–20	.0475	>20	N/A	N/A
September 2006	.0620	1–20	.0475	>20	N/A	N/A
October 2006	.0600	1–20	.0475	>20	N/A	N/A
November 2006	.0570	1–20	.0475	>20	N/A	N/A
December 2006	.0580	1–20	.0475	>20	N/A	N/A
January 2007	.0488	1–20	.0455	>20	N/A	N/A
February 2007	.0513	1–20	.0480	>20	N/A	N/A
March 2007	.0522	1–20	.0489	>20	N/A	N/A
April 2007	.0499	1–20	.0466	>20	N/A	N/A
May 2007	.0520	1–20	.0487	>20	N/A	N/A
June 2007	.0514	1–20	.0481	>20	N/A	N/A
July 2007	.0533	1–20	.0500	>20	N/A	N/A
August 2007	.0549	1–20	.0516	>20	N/A	N/A
September 2007	.0553	1–20	.0520	>20	N/A	N/A
October 2007	.0551	1–20	.0518	>20	N/A	N/A
November 2007	.0546	1–20	.0513	>20	N/A	N/A
December 2007	.0537	1–20	.0504	>20	N/A	N/A
January 2008	.0542	1–20	.0449	>20	N/A	N/A
February 2008	.0550	1–20	.0457	>20	N/A	N/A
March 2008	.0554	1–20	.0461	>20	N/A	N/A
April 2008	.0564	1–20	.0471	>20	N/A	N/A
May 2008	.0581	1–20	.0488	>20	N/A	N/A
June 2008	.0568	1–20	.0475	>20	N/A	N/A
July 2008	.0595	1–20	.0502	20	N/A	N/A
August 2008	.0605	1–20	.0512	>20	N/A	N/A
September 2008	.0624	1–20	.0531	>20	N/A	N/A
October 2008	.0618	1–20	.0525	>20	N/A	N/A
November 2008	.0709	1–20	.0616	>20	N/A	N/A
December 2008	.0792	1–20	.0699	>20	N/A	N/A
January 2009	0.0602	1–20	0.0548	>20	N/A	N/A
February 2009	0.0602	1–20	0.0548	>20	N/A	N/A
March 2009	0.0602	1–20	0.0548	>20	N/A	N/A
April–June 2009	0.0550	1–20	0.0502	>20	N/A	N/A
July–September 2009	0.0531	1–20	0.0504	>20	N/A	N/A
October–December 2009	0.0530	1–20	0.0501	>20	N/A	N/A
January—March 2010	0.0489	1–20	0.0463	>20	N/A	N/A
April–June 2010	0.0463	1–20	0.0451	>20	N/A	N/A
July–September 2010	0.0493	1–20	0.0466	>20	N/A	N/A

[61 FR 34059, July 1, 1996]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 4044, appendix B, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

APPENDIX C TO PART 4044—LOADING ASSUMPTIONS

If the total value of the plan's benefit liabilities (as defined in 29 U.S.C. § 1301(a)(16)), exclusive of the loading charge, is—		The loading charge equals—
greater than	but less than or equal to	
$0	$200,000	5% of the total value of the plan's benefits, plus $200 for each plan participant.
$200,000		$10,000, plus a percentage of the excess of the total value over $200,000, plus $200 for each plan participant; the percentage is equal to 1%+[(P%−7.50%)/10], where P% is the initial rate, expressed as a percentage, set forth in appendix B of this part for the valuation of benefits.

[61 FR 34059, July 1, 1996, as amended at 65 FR 14753, Mar. 17, 2000]

APPENDIX D TO PART 4044—TABLES USED TO DETERMINE EXPECTED RETIREMENT AGE

TABLE I–10—SELECTION OF RETIREMENT RATE CATEGORY

[For Plans with valuation dates after December 31, 2009, and before January 1, 2011]

If participant reaches URA in year—	Participant's retirement rate category is—			
	Low[1] if monthly benefit at URA is less than—	Medium[2] if monthly benefit at URA is—		High[3] if monthly benefit at URA is greater than—
		From—	To—	
2011	562	562	2,376	2,376
2012	573	573	2,419	2,419
2013	583	583	2,465	2,465
2014	595	595	2,514	2,514
2015	608	608	2,567	2,567
2016	620	620	2,621	2,621
2017	633	633	2,676	2,676
2018	647	647	2,732	2,732
2019	660	660	2,790	2,790
2020 or later	674	674	2,848	2,848

[1] Table II–A.
[2] Table II–B.
[3] Table II–C.

TABLE II-A—EXPECTED RETIREMENT AGES FOR INDIVIDUALS IN THE LOW CATEGORY

Participant's earliest retirement age at valuation date.	Unreduced retirement age										
	60	61	62	63	64	65	66	67	68	69	70
42	53	53	53	54	54	54	54	54	54	54	54
43	53	54	54	54	55	55	55	55	55	55	55
44	54	54	55	55	55	55	55	56	56	56	56
45	54	55	55	56	56	56	56	56	56	56	56
46	55	55	56	56	56	57	57	57	57	57	57
47	56	56	56	57	57	57	57	57	57	57	57
48	56	57	57	57	58	58	58	58	58	58	58
49	56	57	58	58	58	58	59	59	59	59	59
50	57	57	58	58	59	59	59	59	59	59	59
51	57	58	58	59	59	60	60	60	60	60	60
52	58	58	59	59	60	60	60	60	60	60	60
53	58	59	59	60	60	61	61	61	61	61	61
54	58	59	60	60	61	61	61	61	61	61	61
55	59	59	60	61	61	61	62	62	62	62	62
56	59	60	60	61	61	62	62	62	62	62	62
57	59	60	61	61	62	62	62	62	62	62	62
58	59	60	61	61	62	62	63	63	63	63	63
59	59	60	61	62	62	63	63	63	63	63	63
60	60	60	61	62	62	63	63	63	63	63	63
61	....	61	61	62	63	63	63	63	64	64	64
62	....	....	62	62	63	63	63	64	64	64	64
63	....	....	....	63	63	64	64	65	65	65	65
64	....	....	....	....	64	64	65	65	65	65	65
65	....	....	....	....	....	65	65	65	65	65	65
66	....	....	....	....	....	....	66	66	66	66	66
67	....	....	....	....	....	....	....	67	67	67	67
68	....	....	....	....	....	....	....	....	68	68	68
69	....	....	....	....	....	....	....	....	....	69	69
70	....	....	....	....	....	....	....	....	....	....	70

TABLE II-B—EXPECTED RETIREMENT AGES FOR INDIVIDUALS IN THE MEDIUM CATEGORY

Participant's earliest retirement age at valuation date	Unreduced retirement age										
	60	61	62	63	64	65	66	67	68	69	70
42	49	49	49	49	49	49	49	49	49	49	49
43	50	50	50	50	50	50	50	50	50	50	50
44	50	51	51	51	51	51	51	51	51	51	51
45	51	51	52	52	52	52	52	52	52	52	52
46	52	52	52	53	53	53	53	53	53	53	53
47	53	53	53	53	53	54	54	54	54	54	54

TABLE II-B—EXPECTED RETIREMENT AGES FOR INDIVIDUALS IN THE MEDIUM CATEGORY—Continued

Participant's earliest retirement age at valuation date	Unreduced retirement age										
	60	61	62	63	64	65	66	67	68	69	70
48	54	54	54	54	54	54	54	54	54	54	54
49	54	55	55	55	55	55	55	55	55	55	55
50	55	55	56	56	56	56	56	56	56	56	56
51	56	56	56	57	57	57	57	57	57	57	57
52	56	57	57	57	57	58	58	58	58	58	58
53	57	57	58	58	58	58	58	58	58	58	58
54	57	58	58	59	59	59	59	59	59	59	59
55	58	58	59	59	59	60	60	60	60	60	60
56	58	59	59	60	60	60	60	60	60	60	60
57	59	59	60	60	61	61	61	61	61	61	61
58	59	60	60	61	61	61	61	61	61	61	61
59	59	60	61	61	62	62	62	62	62	62	62
60	60	60	61	62	62	62	62	62	62	62	62
61	....	61	61	62	62	63	63	63	63	63	63
62	....	....	62	62	62	63	63	63	63	63	63
63	....	....	....	63	63	64	64	64	64	64	64
64	....	....	....	....	64	64	64	64	64	64	64
65	....	....	....	....	....	65	65	65	65	65	65
66	....	....	....	....	....	....	66	66	66	66	66
67	....	....	....	....	....	....	....	67	67	67	67
68	....	....	....	....	....	....	....	....	68	68	68
69	....	....	....	....	....	....	....	....	....	69	69
70	....	....	....	....	....	....	....	....	....	....	70

TABLE II-C—EXPECTED RETIREMENT AGES FOR INDIVIDUALS IN THE HIGH CATEGORY

Participant's earliest retirement age at valuation date.	Unreduced retirement age										
	60	61	62	63	64	65	66	67	68	69	70
42	46	46	46	46	46	47	47	47	47	47	47
43	47	47	47	47	47	47	47	47	47	47	47
44	48	48	48	48	48	48	48	48	48	48	48
45	49	49	49	49	49	49	49	49	49	49	49
46	50	50	50	50	50	50	50	50	50	50	50
47	51	51	51	51	51	51	51	51	51	51	51
48	52	52	52	52	52	52	52	52	52	52	52
49	53	53	53	53	53	53	53	53	53	53	53
50	54	54	54	54	54	54	54	54	54	54	54
51	54	55	55	55	55	55	55	55	55	55	55
52	55	55	56	56	56	56	56	56	56	56	56
53	56	56	56	57	57	57	57	57	57	57	57
54	57	57	57	57	57	58	58	58	58	58	58
55	57	58	58	58	58	58	58	58	58	58	58
56	58	58	59	59	59	59	59	59	59	59	59
57	58	59	59	60	60	60	60	60	60	60	60
58	59	59	60	60	60	60	61	61	61	61	61
59	59	60	60	61	61	61	61	61	61	61	61
60	60	60	61	61	61	62	62	62	62	62	62
61	....	61	61	62	62	62	62	62	62	62	62
62	....	....	62	62	62	62	62	62	62	62	62
63	....	....	....	63	63	63	64	64	64	64	64
64	....	....	....	....	64	64	64	64	64	64	64
65	....	....	....	....	....	65	65	65	65	65	65
66	....	....	....	....	....	....	66	66	66	66	66
67	....	....	....	....	....	....	....	67	67	67	67
68	....	....	....	....	....	....	....	....	68	68	68
69	....	....	....	....	....	....	....	....	....	69	69
70	....	....	....	....	....	....	....	....	....	....	70